



ArcelorMittal

Interim Financial Results
for the six months ended June 2009



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Introduction and Overview

Nonkululeko Nyembezi-Heita, CEO

Overview (H1'2009 vs H1'2008)



Earnings loss of R844m

- Earnings loss per share of 190c (profit per share of 1 027c)
- EBITDA decrease by 96%

Total steel shipments & prices

- Despatches down 24%
- Average realised prices down 9%
- Unfavourable domestic/export ratio

Cost pressures per ton eased up

- HRC and Billet rand cash cost increased by 28% and 18% respectively
- Cost of steel sales increased 35%

Operations

- Liquid steel production down 23%
- Average capacity utilisation of 60%

Key Result Drivers



	H1'09 vs H2'08	H1'09 vs H'108
Liquid steel production	-11%	-23%
Total sales volume	-12%	-24%
Export sales volume	+81%	+100%
Domestic sales volume	-30%	-42%
Flat carbon steel product prices	-33%	-9%
Long carbon steel product prices	-38%	-8%
HRC Rand cash cost per tonne	-3%	28%
Billet Rand cash cost per tonne	-7%	18%
Labour productivity	5%	-5%
USD/ZAR (closing rate)	18%	2%



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Environment and steel markets

Global Environment – General Market Trends

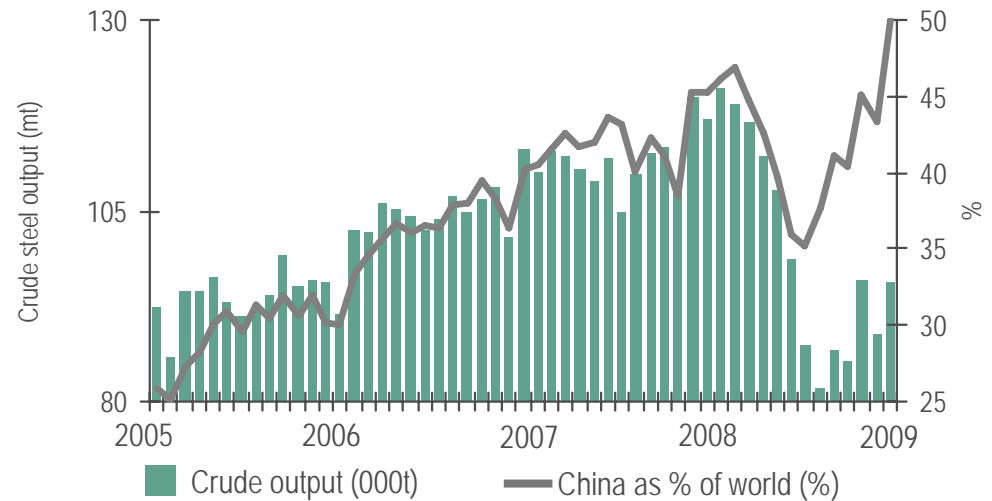


- World economic growth in 2008 decreased substantially to 3.2% from 5.2% in 2007 while negative growth of 1.3% is expected in 2009 (IMF World Economic Outlook)
- Emerging markets grew by 6.1% in 2008 (2007: 8.3%), slowing down to an expected 1.6% in 2009
- Chinese economy grew by 9% in 2008 compared to 13% in 2007 despite fiscal control measures to cool it down while a growth rate of close to 8% is expected for 2009
- World crude steel production in the first six months of 2009 declined by 21% but China increased its output volumes by 1% compared to the same six months in 2008
- Steel production in Europe and North America declined by -44% and -48% respectively in the first half of 2009 compared to the same period in 2008
- WorldSteel's latest forecasts are that steel production for 2009 will be down 14% to 1.14 billion tonnes compared with 2008 (-200mt)

Global Environment – Global Steel Market Trends



- World production for first six months declined 21% to 548mt
- China now constitute 49% of world production over the first half of 2009 compared to 38% in the comparable period
- China in equilibrium between supply and demand
- Lower risk of exports into emerging markets

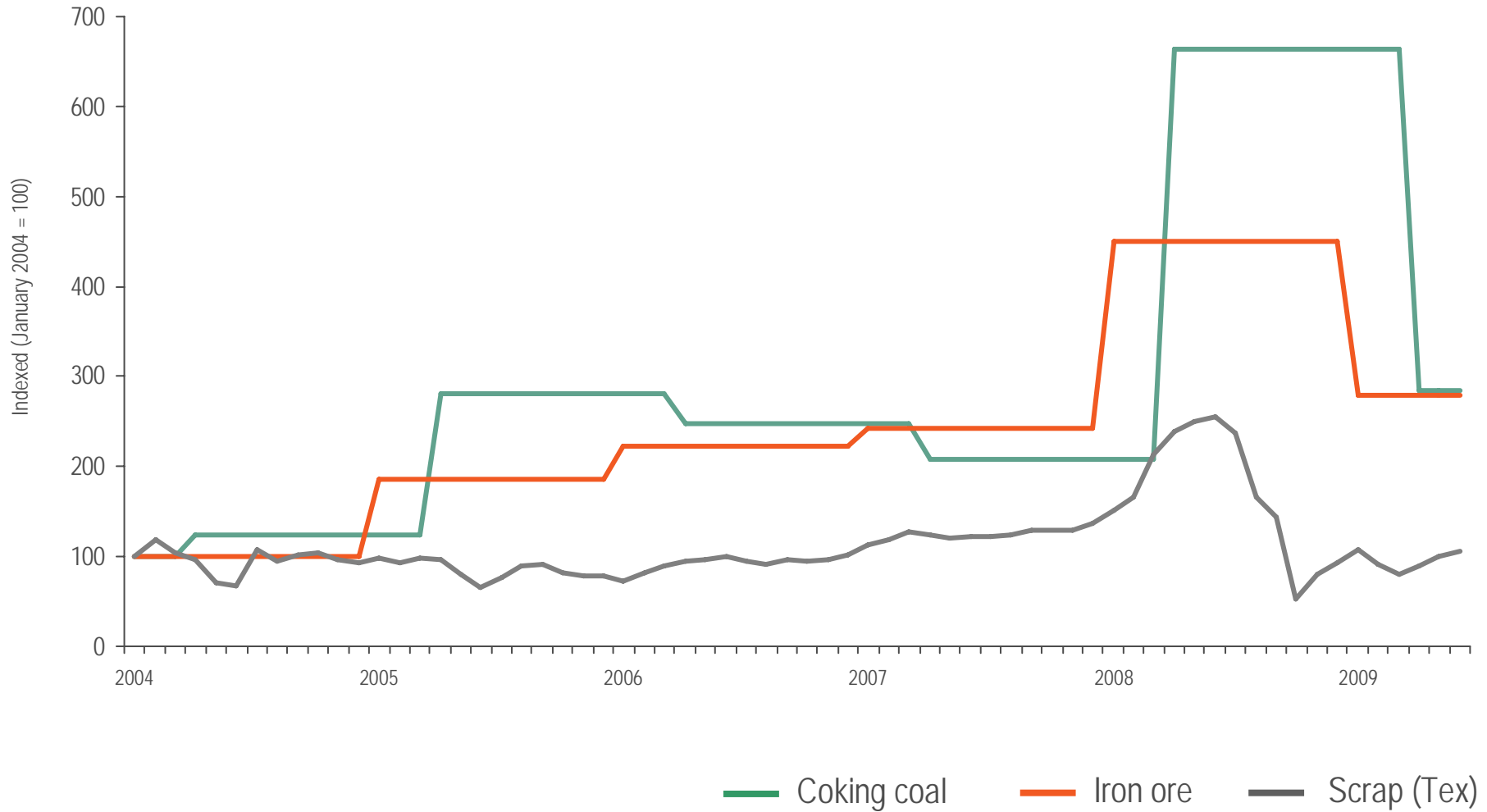


Global Environment – Input Cost Trends

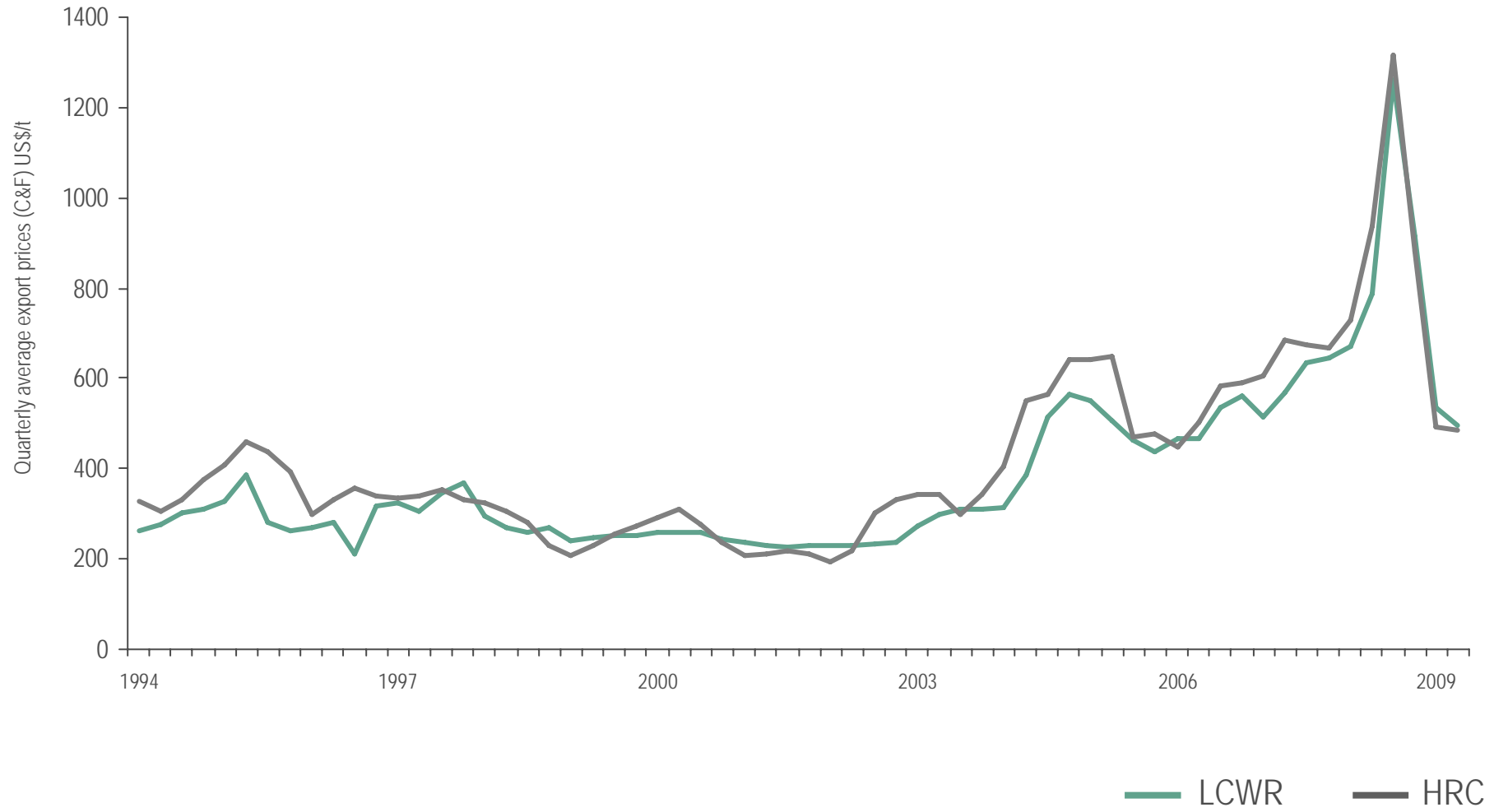


- Average 2009 international iron ore prices have so far been cut by 33% from 2008 benchmark levels
- Iron ore pellet prices have dropped by 48% from 2008 benchmark levels
- International spot coking coal prices have decline by 58% in 2009 to US\$128/t for the contract period Apr 2009 to Mar 2010
- Scrap prices during H1'09 have fallen on average by 55% to about US\$275/t from the comparable period in 2008
- Alloy values during H1'09 have come down with Zinc slipping by 42%
- Crude oil prices during the first six months of 2009 were on average 58% lower when compared with the same period in 2008

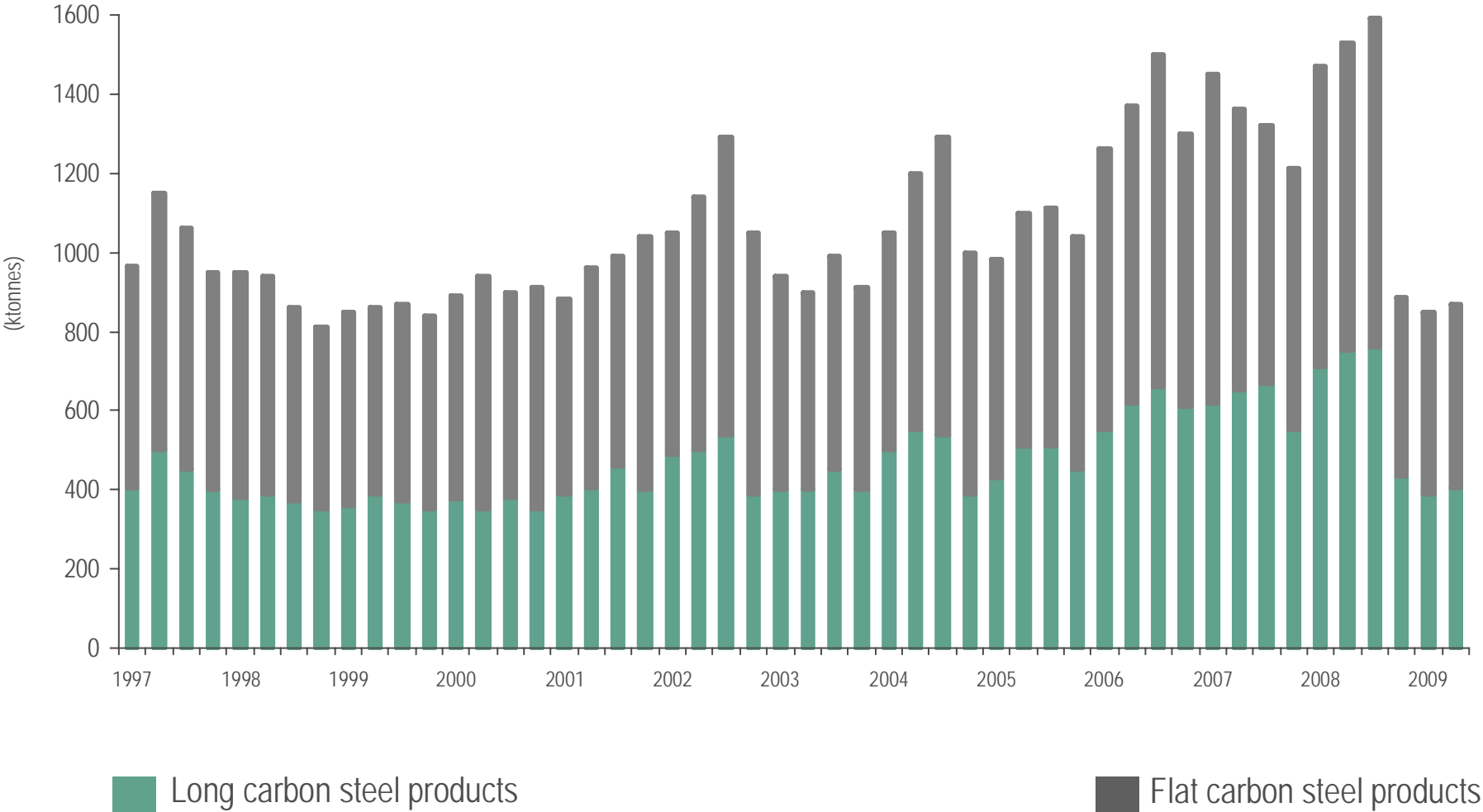
Global Environment – Benchmark Prices



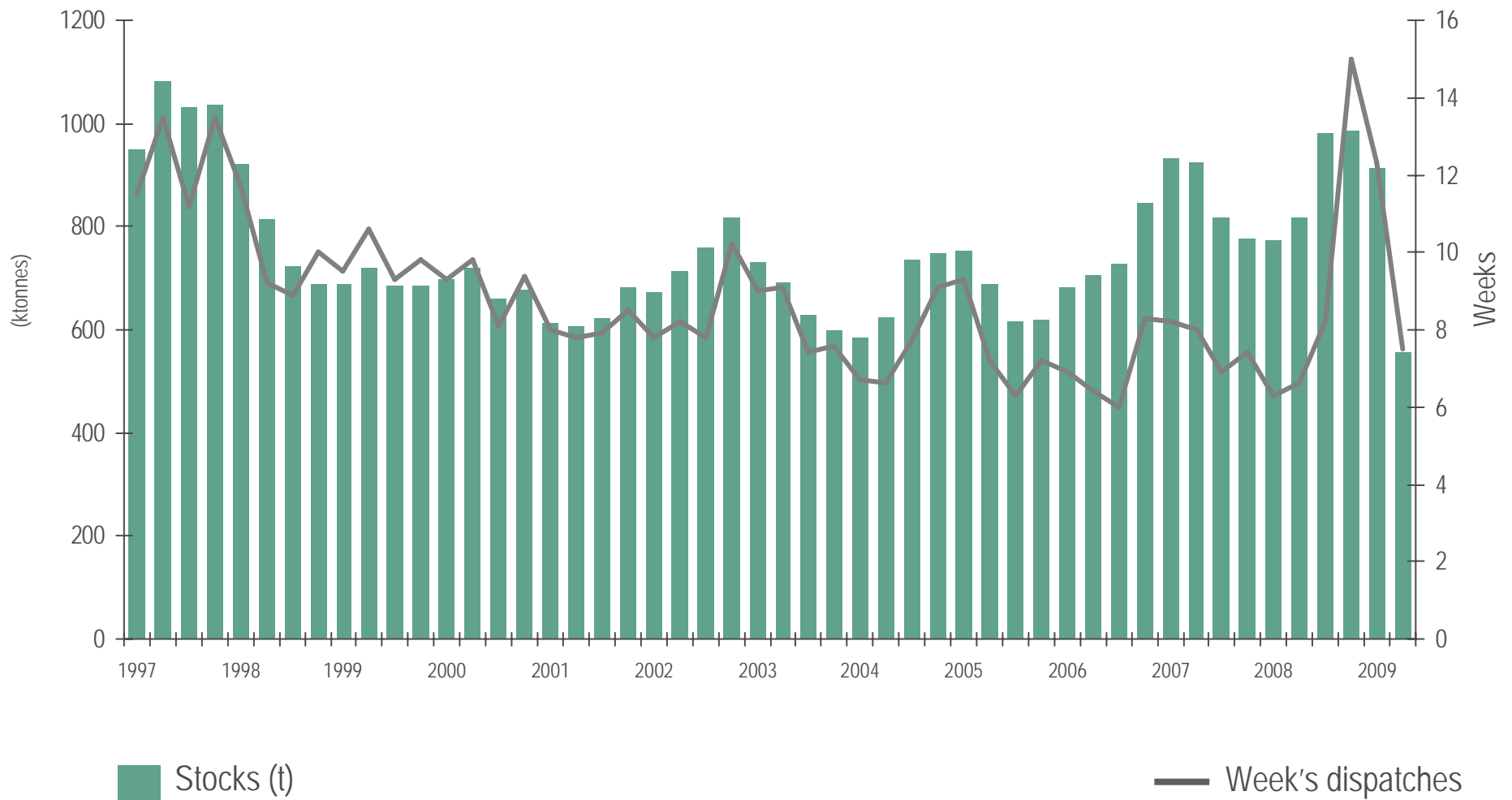
Export Prices



Domestic Market – Quarterly Shipments

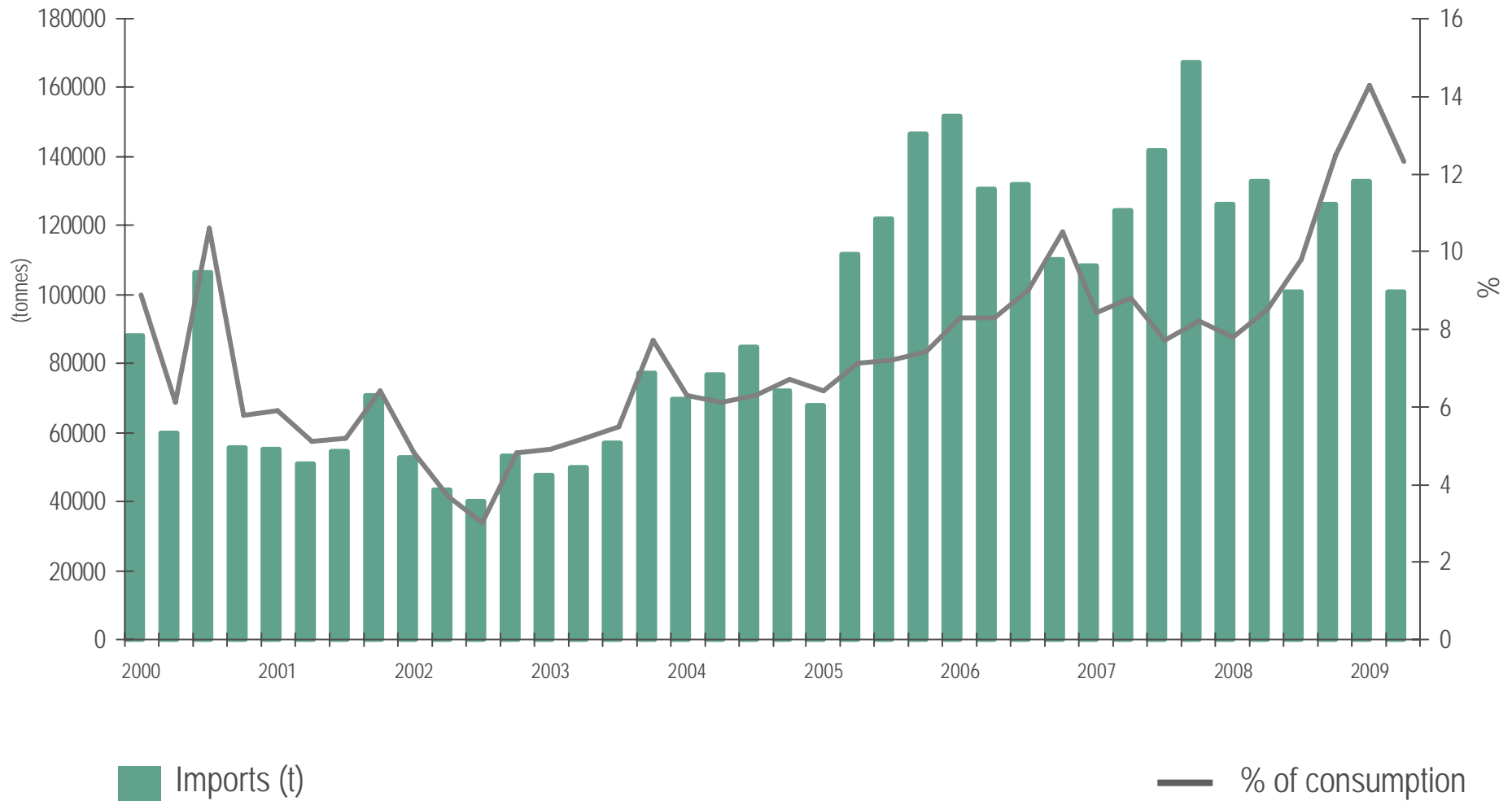


Domestic Market – Inventory Levels



Source : SAISI up to Q3'08; ArcelorMittal South Africa estimates for Q4'08, Q1'09 and Q2'09

Domestic Market – Imports



Source : SAISI up to Q3'08; ArcelorMittal South Africa estimates for Q4'08, Q1'09 and Q2'09

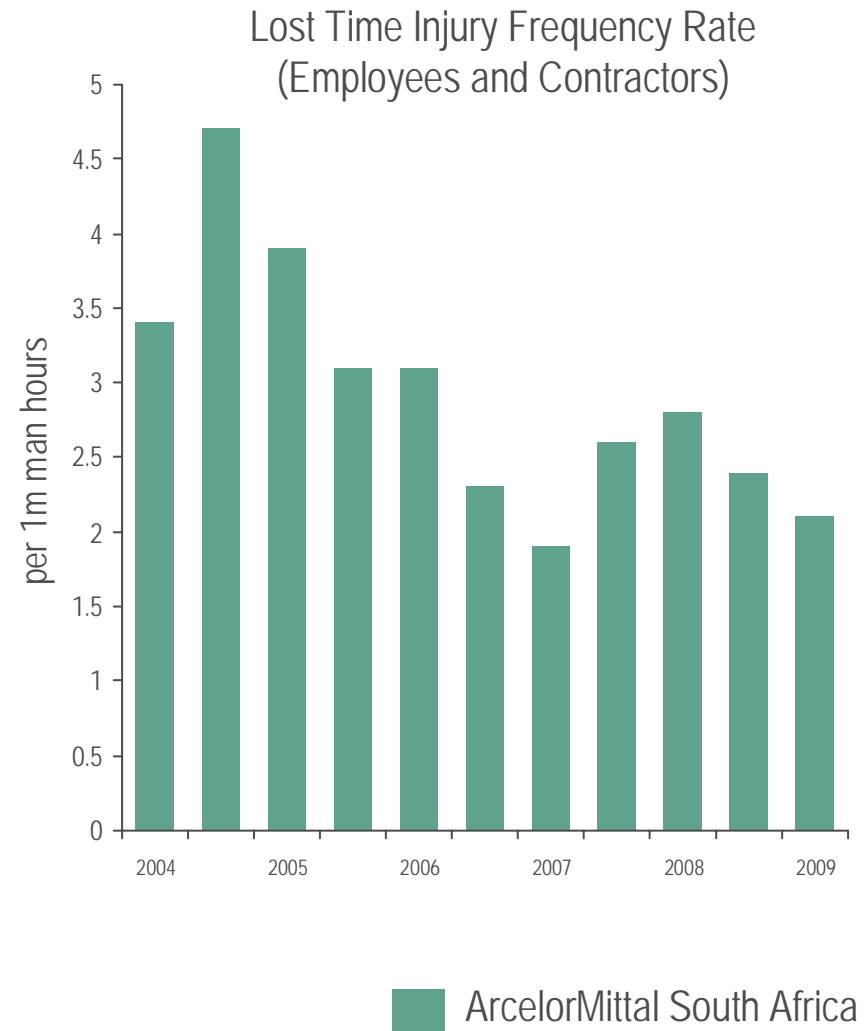


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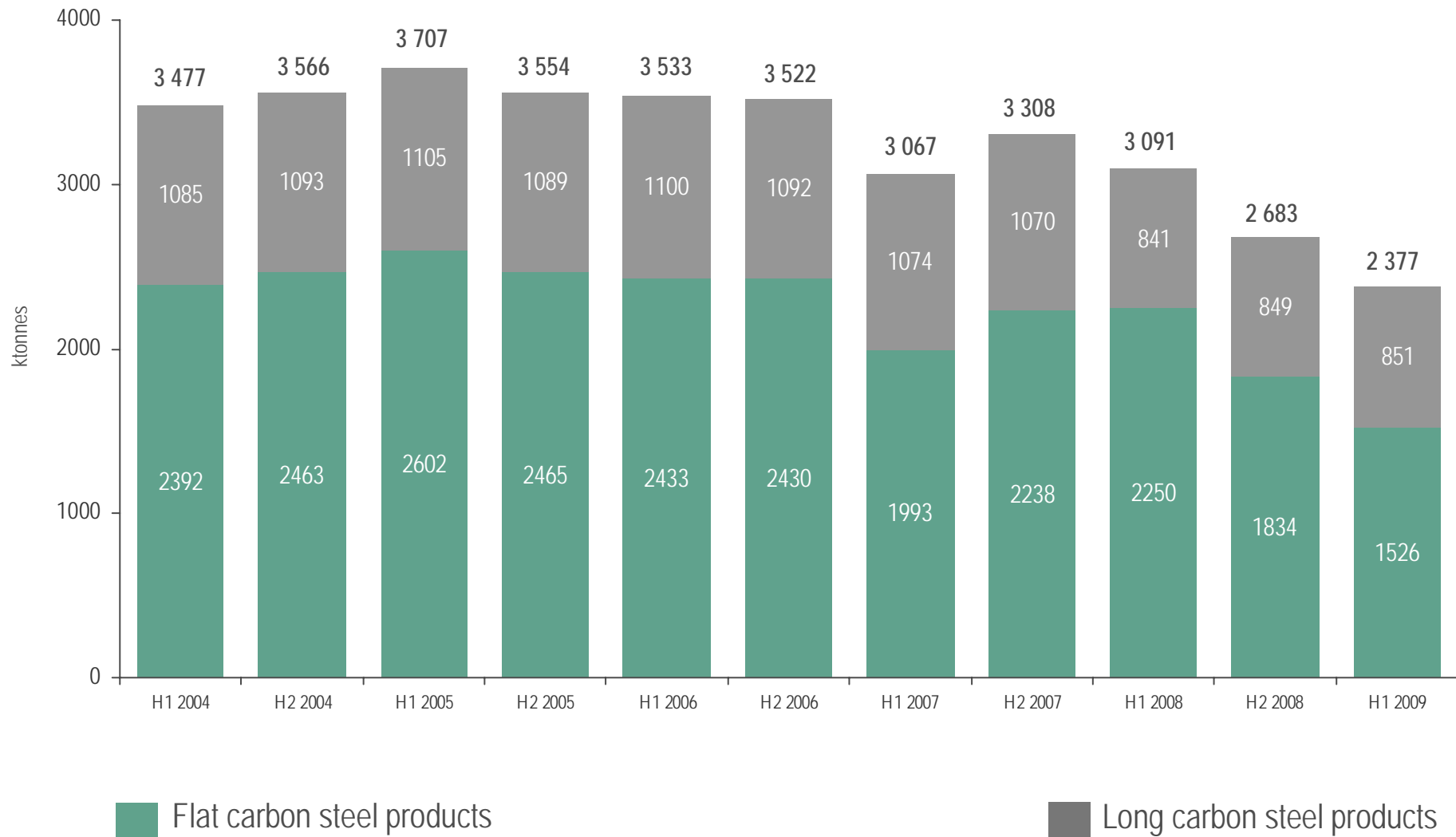
Physical results for H1'2009

Safety Remains our Priority

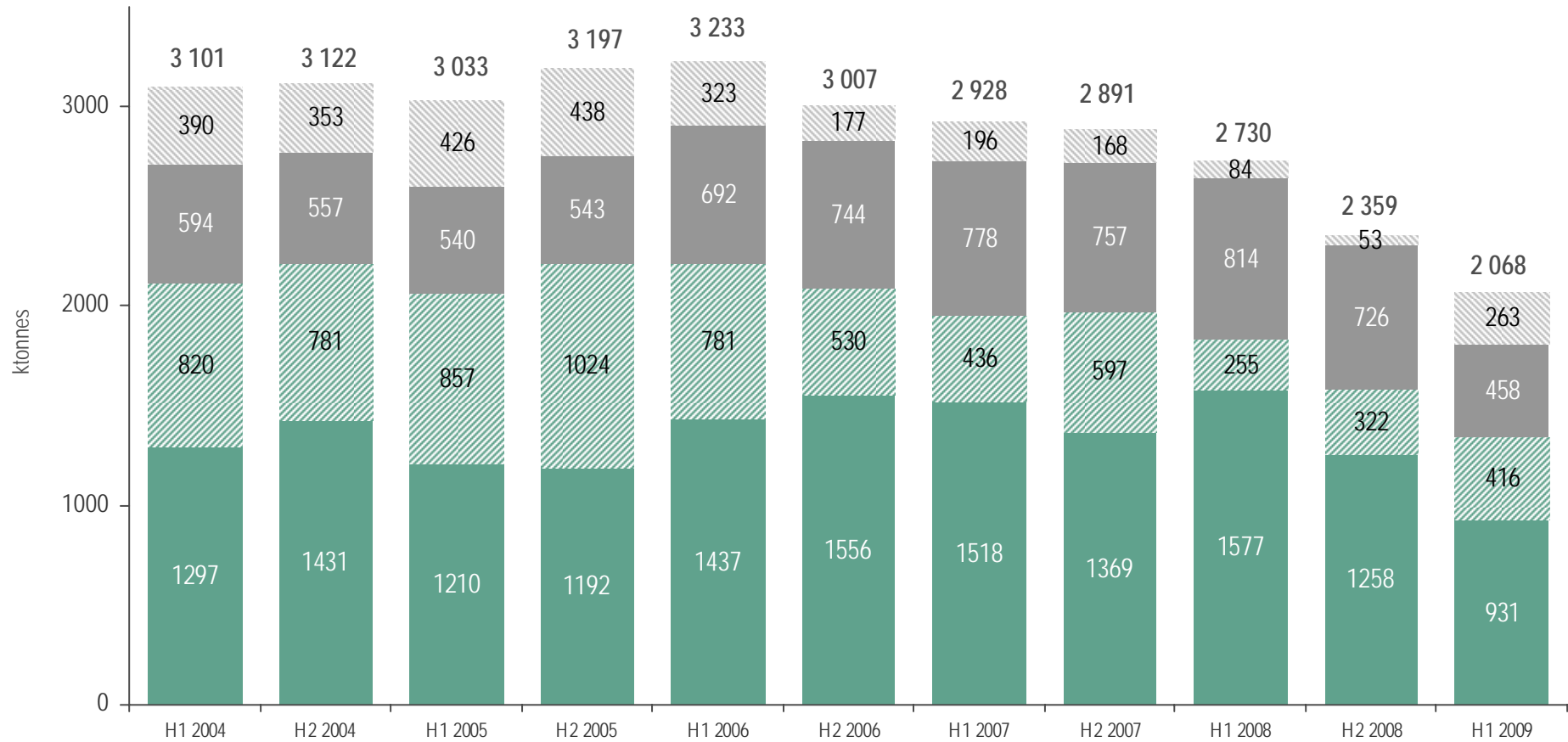
- Zero fatalities
- Safety achievements
 - Vereeniging Works - 1m LTI free man hours
 - Vanderbijlpark Works – 4 x 1m LTI free man hours
 - Coke & Chemicals - 208 LTI free days



Liquid Steel Production



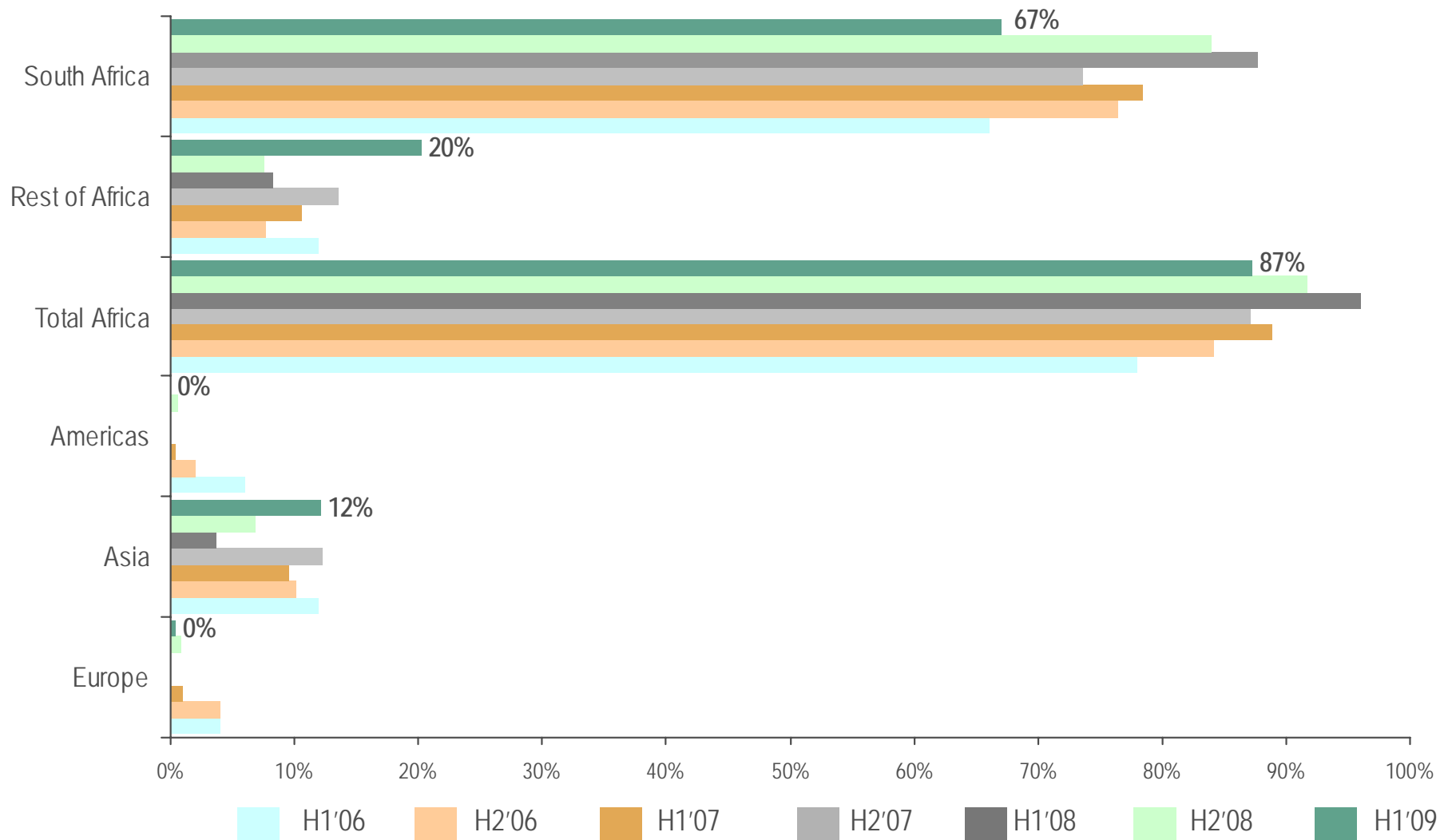
Shipment Volumes



Domestic flat carbon steel products
 Export flat carbon steel products

Domestic long carbon steel products
 Export long carbon steel products

Geographic Shipments



Investment Programme

Rm

Major projects completed (and ongoing) in H1'2009

Vanderbijlpark Works

- New direct reduction kilns 5 & 6
- Replace Tin Line Structure
- Replace HSM delay table motors & drives

Vereeniging Works

- EAF dust extraction (2010)

Other

Total Expenditure in H1'2009

H1'2009

69

55

215

339



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Finance

Kobus Verster, Executive Director Finance

Headline Earnings



Rm	H1'2008	H2'2008	H1'2009
Revenue	18 403	21 511	11 960
Profit/loss from operations	5 355	6 804	-322
Gains & Losses on forex & financial instruments	377	260	-695
Interest income	142	176	183
Finance costs	-27	-211	-141
Income from investments	1	2	1
Tax	-1 669	-2 196	85
Equity earnings*	392	-61	41
Net deficit on disposal or scrapping of assets*	5	23	4
Impairment*		111	
Headline earnings/loss	4 576	4 908	-844
<i>- in US\$m</i>	<i>597</i>	<i>554</i>	<i>-92</i>

*After tax

Profit from operations



Rm	H1'2008	H2'2008	H1'2009
Flat carbon steel products	2 899	4 108	-577
Long carbon steel products	1 480	2 192	-12
Coke & Chemicals	927	816	95
Corporate & Other	49	-312	172
Profit/loss from operations	5 355	6 804	-322

Raw material costs



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Rm	H1'2009 vs. H2 2008	H1'2009 vs. H1 2008
Coal	+21%	+140%
Iron Ore	+15%	+39%
Imported iron ore pellets	+10%	+70%
Scrap	-46%	-44%
Alloys	-42%	-31%
Zinc	-11%	-28%

Note: Movement in own cost in rand on a delivered bases

Cash Flow



Rm	H1'2008	H2'2008	H1'2009
Operating cash flow	5 992	8 080	-320
Working capital	-2 122	-1 211	1 701
Cash flow from operations	3 870	6 769	1 381
Capex	-857	-975	-339
Net interest and Investment income	111	165	126
Investments		-16	-405
Tax	-1 757	-1 330	-640
Dividends	-874	-1 524	-1 627
Net cash flow	493	3 205	-1 504
Share buy back			-3 918
Net cash flow after share buy back	493	3 205	-5 422
Net cash	4 793	8 378	2 966

Working capital movement



Rm	H1'2008	H2'2008	H1'2009
Inventories	-1 417	-2 593	2 777
Finished products	200	-368	147
Work-in-progress	-937	-746	872
Raw materials	-638	-1 378	1 820
Plant spares & stores	-42	-101	-62
Receivables	-2 384	2 638	-701
Payables	1 367	-760	-140
Utilisation of provisions	312	-496	-235
	-2 122	-1 211	1 701

Financial Ratios

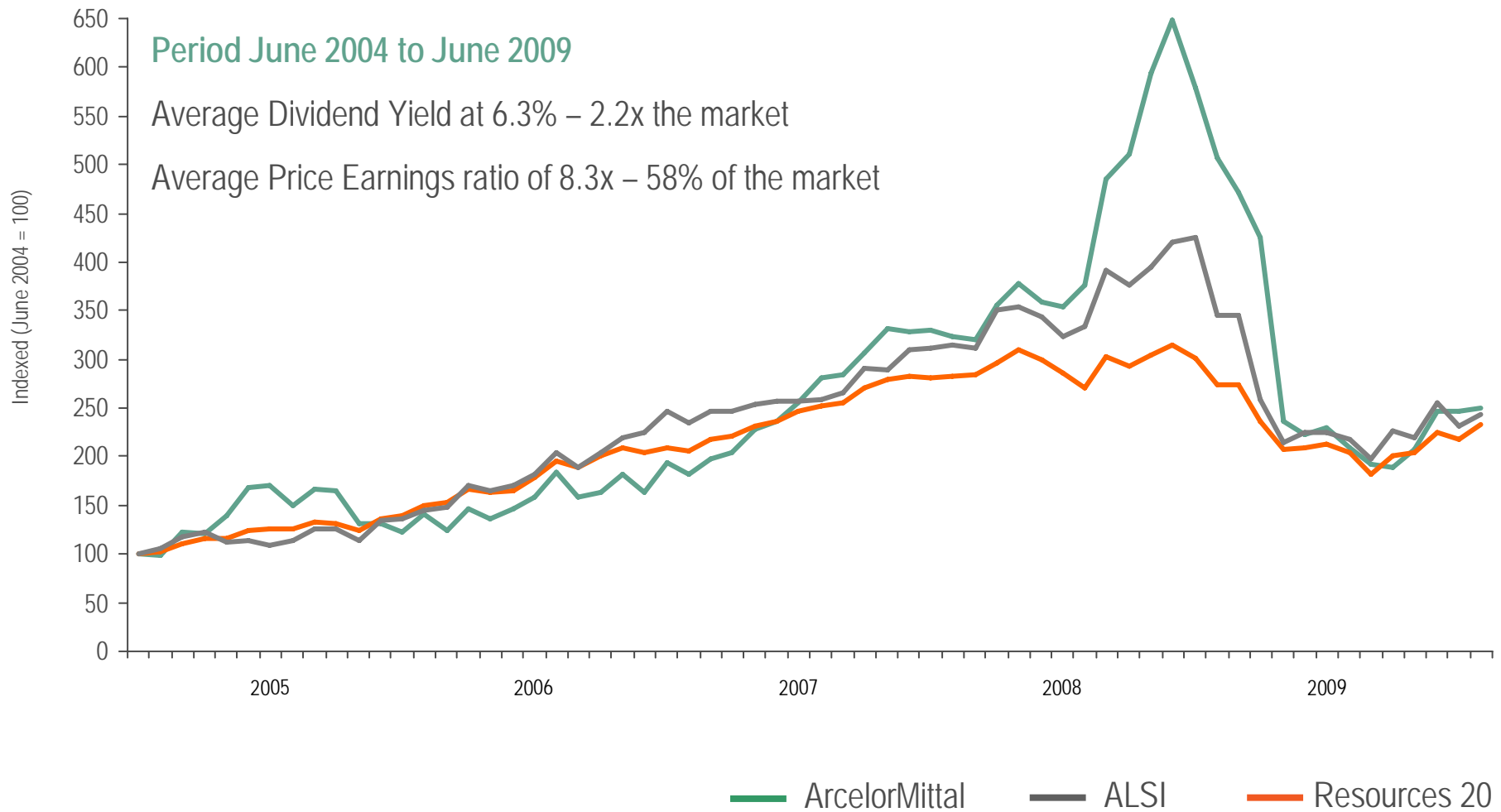


	H1'2008	H2'2008	H1'2009
Operating margin	29%	32%	-3%
EBITDA margin	33%	35%	2%
Revenue / invested capital (times)	1.8	1.9	1.0
Return on equity (annualised)	41%	38%	-7%
Net cash / equity	20%	30%	14%

Quarterly Headline Earnings Trend



Share Performance



Dividend



- Dividend policy
 - Distributing one third of headline earnings
 - Headline loss – no dividend declared



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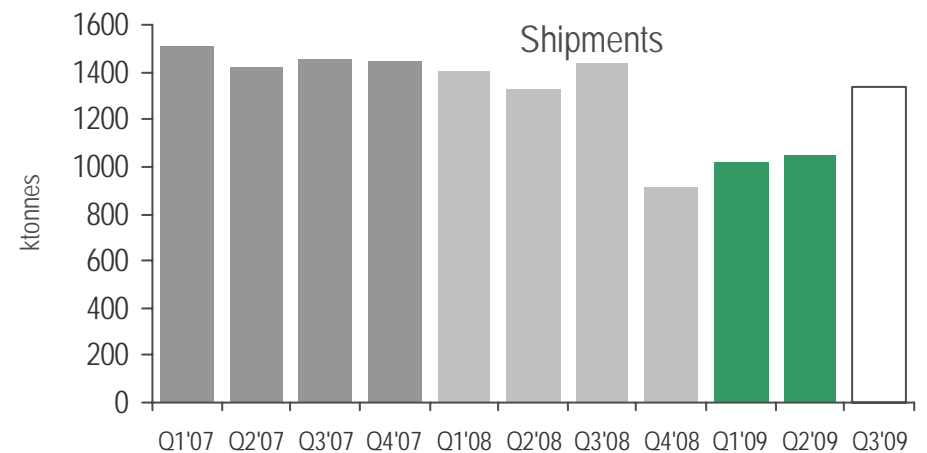
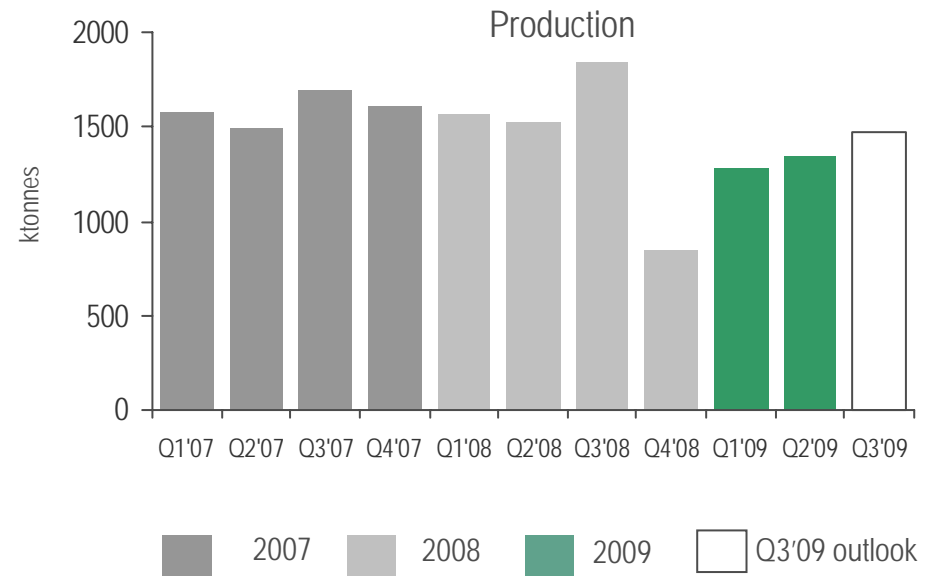
Industrial Plan and Other Developments

Nonkululeko Nyembezi-Heita

Industrial Plan



- Production still aligned to demand
- Production and shipments for Q3'09 forecast to be somewhat higher than the previous two quarters
- Continued adjustment of strategic growth plan to market conditions with a review of key projects essential for the post-crisis steel market



Industrial Plan



- Cost evolution (H1'09 vs H2'08)
 - Total fixed cost reduction of R1,1bn
 - Fixed cost reduction excl labour of 51%
 - Labour cost reduction of 6%
 - Working capital reduced by 32%

Investment Programme



- Medium to long term market expectations for Sub-Saharan Africa remain optimistic
- Focus on smaller projects with efficiency, quality enhancement and cost improvement objectives
- Environmental projects are underway
 - Electric Arc Furnace dust extraction at Vereeniging Works
 - New waste disposal sites
 - Effluent treatment projects at Newcastle Works

Other focus areas

- 1. Competition Tribunal;
- 2. Kumba iron ore arbitration;
- 3. Corporate Responsibility





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Outlook

Outlook for Q3'09



- Business environment
 - Domestic and international demand expected to improve
 - Increase production to meet higher demand
 - Positive sentiment on international prices
 - Negative impact of tariff increases on electricity, rail and harbour charges
- Earnings
 - Earnings expected to improve
 - Could be impacted by exchange rate movements



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Thank you

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